

Message Text

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ACTION IO-13

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TO SECSTATE WASHDC PRIORITY 1707
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UNCLAS SECTION 1 OF 2 VIENNA 3832

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TAGS: UNIDO, OCON, EAID, AFIN
SUBJECT: ELEVENTH SESSION OF THE INDUSTRIAL DEVELOPMENT BOARD -
ANNUAL REPORT OF THE EXECUTIVE DIRECTOR - AGENDA ITEM 6(A)

REF: (A) VIENNA 3715; (B) A-155 DATED APRIL 16, 1977

1. THE EXECUTIVE DIRECTOR'S ANNUAL REPORT FOR 1976 (ID/B/180)
IS ANALAGOUS IN FORMAT, CONTENT AND LENGTH TO HIS RECENT ANNUAL
REPORTS TO THE BOARD. MUCH OF IT IS A ROUTINE, DETAILED REVIEW
OF SECRETARIAT ACTIVITIES. THE 1976 REPORT CONTAINS, IN ADD-
ITION, A "FEATURE" FIRST CHAPTER IN THE FORM OF A REVIEW OF
UNIDO'S FIRST TEN YEARS. A BRIEF "FOREWORD" BY THE EXECUTIVE
DIRECTOR IS IN RESPONSE TO SUGGESTIONS BY BOARD MEMBERS THAT
HE HIGHLIGHT SIGNIFICANT DEVELOPMENTS AND PROBLEMS OF THE
PERIOD UNDER REVIEW. FOLLOWING ARE COMMENTS ON VARIOUS POINTS
IN THE REPORT WHICH APPEAR TO BE OF MORE THAN ROUTINE INTEREST.

2. PARAS 2, 3 AND 8 OF THE FOREWORD DEAL WITH THE IMPACT OF
THE MAJOR REORGANIZATION OF THE SECRETARIAT. THIS MATTER IS
ALSO ADDRESSED IN A SEPARATE PAPER (ID/B/187) UNDER AGENDA ITEM
7(B) AND CAN BE DEALT WITH IN THAT CONNECTION (REF A).

3. FOREWORD PARA 4 SHOULD BE READ IN CONJUNCTION WITH
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CHAPTER III, PARA 6. WE ARE TOLD BY SIDDIQUI (CHIEF
PROGRAM DEVELOPMENT AND EVALUATION SECTION) THAT THE
LANGUAGE OF CHAPTER III WITH ITS REFERENCE TO "ACTIVE PAR-
TICIPATION OF UNIDO IN THE PROGRAMMING EXERCISES OF UNDP"
DESCRIBES THE KIND OF RELATIONSHIP UNIDO WOULD LIKE TO
ACHIEVE, WHILE THE EXECUTIVE DIRECTOR'S COMMENT IN THE
FOREWORD WITH ITS REFERENCE TO THE "PASSIVE ROLE THAT THE

ORGANIZATION HAS HAD TO ASSUME AS AN EXECUTING AGENCY FOR UNDP PROJECTS" REFLECTS THE ACTUAL SITUATION. IN THIS CONNECTION, SIDDIQUI TOLD US THAT OF SOME 21 COUNTRY MISSIONS WHICH UNIDO PROPOSED TO UNDP (RES REPS) BE DISPATCHED TO HELP IN COUNTRY PROGRAMMING, ONLY SOME THREE OR FOUR WERE ACCEPTED.

4. FOREWORD PARA 4 GOES ON TO ARGUE "THE NEED FOR UNIDO TO EXPAND ITS DIRECT ACTION PROGRAMS CONSIDERABLY ... THROUGH MORE SUBSTANTIAL CONTRIBUTIONS BY THE MEMBER STATES TO THE UNIDF . . .". SHOULD THIS PLEA GIVE RISE TO COMMENT IN THE BOARD, WE ASSUME U.S. DEL WOULD REITERATE ITS STRONG SUPPORT OF THE CENTRALIZED APPROACH TO FINANCING UN TECHNICAL COOPERATION ACTIVITIES AND UNDP COUNTRY PROGRAMMING.

5. CHAPTER III, PARAS 3 AND 4 SUMMARIZE THE MAJOR GUIDELINES FOR FUTURE DEVELOPMENT OF UNIDO PROGRAMS. THESE WOULD APPEAR TO FOCUS PRIMARILY ON WHAT U.S. DEL AT IDB-X DESCRIBED AS "OVERCOMING INTERNATIONAL DEVELOPMENT IMBALANCES". NO SPECIFIC REFERENCE IS MADE TO ADDRESSING PROBLEMS FALLING INTO OTHER MAJOR CATEGORY OF "INTERNAL DEVELOPMENT IMBALANCES".

6. CHAPTER III, PARA 22: U.S. DEL MIGHT EXPRESS SATISFACTION WITH THE PROGRESS MADE IN ESTABLISHING UNIDAC, PARTICULARLY THE DECISION TO PLACE IT WITHIN THE FRAMEWORK OF THE ACC.

7. U.S. DEL MIGHT JOIN IN HAVING IDB-XI TAKE SPECIAL NOTE OF THE MEMORANDA OF UNDERSTANDING SIGNED DURING 1976 BETWEEN
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UNIDO AND ILO (PARA 27), ITC/UNCTAD/GATT (PARA 28) AND WHO (PARA 33) DESIGNED TO FURTHER COORDINATION WITHIN THE UN SYSTEM. THE FULL TEXTS OF THESE INTER-AGENCY AGREEMENTS ARE SUBMITTED TO THE BOARD IN APPENDIX(A).

8. CHAPTER III, PARA 41 STATES "THE SUCCESS OF THE CONSULTATION MEETINGS WILL BE JUDGED BY THE EXTENT TO WHICH THEY RESULT IN SPECIFIC PROPOSALS FOR AGREEMENTS WHICH WILL LEAD TO THE EXPANSION OF PRODUCTION IN THAT PARTICULAR SECTOR IN THE DEVELOPING COUNTRIES". WE SUGGEST U.S. DEL LINE BE THAT THIS IS TOO NARROW A VIEW OF HOW THE CONSULTATIONS MIGHT BE FRUITFUL AND AS APPROPRIATE, REITERATE POINT MADE AT IDB-X THAT USG CANNOT UNDERTAKE TO NEGOTIATE AGREEMENTS IN RESPECT OF INDUSTRY THAT INVOLVE PRIMARILY PRIVATE SECTOR RESPONSIBILITIES IN THE U.S.

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9. CHAPTER IV, PARA 47: U.S. DEL MIGHT RECOMMEND RECOGNITION BY SECRETARIAT THAT METHODS OF INVESTMENT PROMOTION MUST BE FURTHER EXAMINED AND REFINED AND DECISION MADE WHETHER TO "SELL" SPECIFIC COUNTRIES OR REGIONS OR TO PROMOTE SPECIFIC INVESTMENT PROJECTS WITH UNIDO AS BROKER. IN THIS CONNECTION, U.S. DEL MIGHT AGAIN STRESS IMPORTANCE WHERE PRIVATE FOREIGN INVESTMENT IS DESIRED OF A CLIMATE CONDUCTIVE TO CONFIDENCE ON THE PART OF THE POTENTIAL FOREIGN PARTNERS.

10. CHAPTER IV, PARA 328 GIVES SOME INTERESTING OVERALL STATISTICS ON RECRUITMENT OF EXPERTS. THE DRIVE TO INCREASE RECRUITMENT FROM DEVELOPING COUNTRIES IS REFLECTED BY THE FACT THAT THE PERCENTAGE OF EXPERTS FROM G-77 COUNTRIES INCREASED FROM ABOUT 18 PERCENT IN 1971 TO 31 PERCENT IN 1976.

11. IN THE PAST, U.S. DEL HAS STRESSED THE IMPORTANCE OF ADDRESSING THE CAUSES OF UNDER-UTILIZATION OF EXISTING INDUSTRIAL CAPACITY IN DEVELOPING COUNTRIES. WE MIGHT, THEREFORE, WELCOME THE STUDIES OF THIS PROBLEM REFERRED TO IN CHAPTER V, PARA 26. THE SAME COMMENT MIGHT BE MADE WITH RESPECT TO THE STUDIES CONCERNED WITH SELF-RELIANT RURAL DEVELOPMENT REFERRED TO IN CHAPTER V, PARA 37.

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12. DEPARTMENT MIGHT WISH U.S. DEL, IN LIGHT CHAPTER V, PARA 57, TO QUERY SECRETARIAT ON THE EXTENT TO WHICH IT INTENDS TO ESTABLISH STATISTICAL SERVICES OF ITS OWN AND

STRESS NEED FOR MAXIMUM POSSIBLE USE OF SERVICES OF UN
STATISTICAL OFFICE.

13. CHAPTER VIII VOICES VERY STRONG CRITICISMS OF UNDP
HANDLING OF ITS RECENT FINANCIAL CRISIS (PARAS 13, 15
AND 17). THESE MAY NOT BE ENTIRELY FAIR, SINCE NO REAL
ALTERNATIVES TO THE ACTIONS TAKEN MAY HAVE BEEN POSSIBLE.

14. CHAPTER IX, PARA 32 CALLS ATTENTION OT THE CHALLENGE
BY THE EXTERNAL AUDITORS IN 1976 OF UNIDO'S POLICY OF
ACCEPTING VOLUNTARY CONTRIBUTIONS IN NON-CONVERTIBLE CUR-
RENCIES WITHOUT DEMANDING ANY PAYMENT IN CONVERTIBLE CUR-
RENCIES TO COVER OVERHEADS. U.S. DEL MIGHT INQUIRE CON-
CERNING ACTION TAKEN BY THE SECRETARIAT TO RESPOND TO THIS
CHALLENGE.

15. IN CONNECTION WITH THE REPORT IN CHAPTER IX, PARA 66
OF NEGOTIATIONS ON COMMON SERVICES IN DONAU PARK, U.S. DEL
MIGHT EXPRESS SATISFACTION WITH THE SIGNING OF THE TRIPARTITE
UNDERSTANDING ON ALLOCATION OF COMMON SERVICES, SIGNED IN
VIENNA MARCH 31 (REF (B)), AS IMPORTANT
COOPERATIVE STEP IN AN AREA WHICH HAS LARGE FINANCIAL COMPLI-
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